

Message Text

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ACTION EA-14

INFO OCT-01 ISO-00 AID-20 CIAE-00 COME-00 EB-11 FRB-02

INR-10 NSAE-00 RSC-01 TRSE-00 XMB-07 OPIC-12 SP-03

CIEP-02 LAB-06 SIL-01 OMB-01 NSC-07 SS-20 STR-08

CEA-02 L-03 DODE-00 PA-04 USIA-15 PRS-01 DRC-01 /152 W

----- 061595

R 070240Z JUN 74

FM AMEMBASSY SINGAPORE

TO SECSTATE WASHDC 0703

UNCLAS SINGAPORE 2488

E.O. 11652: N/A

TAGS: EFIN, SN

SUBJ: SINGAPORE REGULATION OF FOREIGN BROKERS AND
UNDERWRITERS

REF: STATE 79749

1. THERE ARE NO RESTRICTIONS BY GOS ON FOREIGN
BROKERS AND UNDERWRITERS WHICH DO NOT ALSO APPLY
TO LOCAL FIRMS. MEMBERSHIP IN SINGAPORE STOCK
EXCHANGE IS OPEN TO LOCAL AND FOREIGN BROKERS.
FOREIGN BROKERS ARE NOT RESTRICTED IN THEIR
DEALING WITH INDIVIDUALS, CORPORATIONS OR INSTITUTIONS.
HOWEVER, THERE ARE RESTRICTIONS ON AMOUNT OF
FOREIGN INVESTMENTS, INCLUDING SECURITIES, WHICH
SINGAPOREANS CAN OWN. PRESENT LIMITS ARE:
INDIVIDUALS - S\$100,000
CORPORATIONS - S\$3,000,000
INSTITUTIONS - S\$5,000,000,000 BE 15PERCENT OF TOTAL ASSETS
(US\$1.00 EQUALS S\$2.39)

2. MERRIL LYNCH AND BACHE ARE ONLY U.S. BROKERAGE
FIRMS WITH REPRESENTATIVES IN SINGAPORE. NEITHER IS
MEMBER OF SINGAPORE STOCK EXCHANGE. HOWEVER, BOTH
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COMPANIES FEEL THEY WOULD BE WELCOMED IF THEY APPLIED

FOR MEMBERSHIP. THEIR REPS CONFIRMED TO EMBOFF THAT THEY ARE SUBJECT TO SAME RESTRICTIONS AS ALL BROKERS. THEY BOTH ABLE TO ADVERTISE FREELY AND HAVE COMPLETE ACCESS TO PUBLIC. BOTH COMPANIES SELL TO SINGAPORE CITIZENS AS WELL AS EXPATRIATES. MAJORITY OF THEIR BUSINESS IS ACTUALLY COMMODITIES TRADING.

3. MERRIL LYNCH HAS THREE NON-SINGAPOREANS AS REPS AND BACHE HAS ONE. INTRODUCTION OF ADDITIONAL NON-SINGAPOREAN STAFF WOULD BE SUBJECT TO REVIEW BY GOS. GOS CONSIDERS ALL SUCH REQUESTS ON CASE-BY-CASE BASIS. CRITERION IS WHETHER OR NOT SINGAPOREAN SUITABLE FOR JOB CAN BE FOUND. THIS RULE APPLIES TO ANY FIRM OPERATING IN SINGAPORE.

4. GIVEN SINGAPORE' GOAL TO BECOME INTERNATIONAL FINANCIAL CENTER DO NOT BELIEVE IT LIKELY GOS WILL TRY TO PLACE FOREIGN BROKERAGE FIRMS AT COMPETITIVE DISADVANTAGE. ANY SIGNIFICANT CHANGES AFFECTING ACTIVITVQS OF SECURITIES INDUSTRY WOULD COME FROM MONETARY AUTHORITY OF SINGAPORE (MAS). MAS IS ADVISED BY THE SECURITIES INDUSTRY COUNCIL, A CONSULTATIVE BODY COMPOSED OF REPS FROM SINGAPORE STOCK EXCHANGE, PRIVATE INDUSTRY, MAS AND OTHER GOS DEPARTMENTS. POSSIBLE AREAS FOR NEW REGULATION WOULD BE IMPOSITION OF CAPITAL GAINS TAX (CGT) ON FOREIGN SECURITIES (SINGAPORE PRESENTLY HAS NO CGT AT ALL) OR NEW CONTROLS ON OWNERSHIP OF FOREIGN SECURITIES. SINGAPORE STOCK MARKET HAS BEEN IN DOLDRUMS FOR SOME MONTHS NOW. ABOVE MEASURES MIGHT MARGINALLY STIMULATE MARKET AND ECONOMY. HOWEVER, GOS APPEARS HAPPY THAT STOCK MARKET HAS COOLED OFF. EMBASSY DOES NOT THINK GOS WOULD INTERVENE UNLESS LOCAL DEALERS FEEL THREATENED BY FOREIGN BROKERS' OPERATIONS IN SINGAPORE. NOTE: MERRILL LYNCH REP TOLD EMBOFF MAS PLANS TO INVEST IN U.S. SECURITIES THROUGH THEIR OFFICE. IN 1969 MERRILL LYNCH APPLICATION TO DO BUSINESS IN SINGAPORE WAS DENIED DUE OPPOSITION OF LOCAL BROKERS. HOWEVER, THEY NOW FULLY ACCEPTED BY LOCAL FIRMS. EMBASSY OF OPIONION THAT IF GOS

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ATTEMPTS TO LESSEN SALE OF FOREIGN SECURITIES IF WILL BE THROUGH MORE STRINGENT LIMITS ON AMOUNT THAT CAN BE PURCHASED RATHER THAN DIRECT CONTROL OF FOREIGN BROKERS. THE SECURITIES INDUSTRY REGULATIONS 73 WITH AMENDMENTS ARE BEING POUCHED. GRANT

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: FOREIGN INVESTMENT CONTROLS, STOCKS (SECURITIES), BANKS, BANK LAW, BANK DATA
Control Number: n/a
Copy: SINGLE
Draft Date: 07 JUN 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974SINGAP02488
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D740144-0898
From: SINGAPORE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19740664/aaaacdgy.tel
Line Count: 114
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EA
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: STATE 79749
Review Action: RELEASED, APPROVED
Review Authority: martinjw
Review Comment: n/a
Review Content Flags:
Review Date: 26 AUG 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <26 AUG 2002 by PhilliRO>; APPROVED <08 JAN 2003 by martinjw>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: SINGAPORE REGULATION OF FOREIGN BROKERS AND UNDERWRITERS
TAGS: EFIN, SN, US
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005